

[REDACTED]

Employer Identification Number:

Form Number:

1120

Tax years:

79, 80

E:ZO:T:R:1-1

APR 3 1981

Dear Applicant:

This is a final adverse ruling as to your exempt status under section 501(c)(3) of the Internal Revenue Code.

Our adverse ruling was made for the following reason(s):

You are not operated exclusively for exempt purposes within the meaning of section 501(c)(3) of the Code. Your operations further private interests. Part of your net earnings inure to the benefit of private individuals. We have also determined that if you were described in section 501(c)(3), you would be a private foundation because you are not a church as described in section 170(b)(1)(A)(i), the only basis on which you claim non-private foundation status.

Contributions to your organization are not deductible under section 170 of the Code.

You are required to file Federal income tax returns on the above form. Based on the financial information you furnished, it appears that returns should be filed for the years shown above. These returns should be filed with your key District Director for exempt organization matters within 30 days from the date of this letter unless a request for an extension of time is granted. Processing of income tax returns and assessment of any taxes due will not be delayed because a petition for declaratory judgment has been filed under section 7428 of the Code. Returns for subsequent tax years should be filed with the appropriate service center indicated in the instructions for those returns.

If you decide to contest this ruling under the declaratory judgment provisions of section 7428 of the Code, you must initiate a suit in the United States Tax Court, the United States Court of Claims, or the United States District Court for the District of Columbia before the 91st day after the date that this ruling was mailed to you. Contact the clerk of the appropriate Court for rules for initiating suits for declaratory judgment.

In accordance with section 6104(c) of the Code, the appropriate State officials will be notified of this action.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Thank you for your cooperation.

Sincerely yours,

[REDACTED]

Chief, Exempt Organizations
Technical branch

cc: [REDACTED] Philadelphia, w/wy of
Serial Ltr., 11/6/60
Attn: EO Group

cc: [REDACTED]

cc: [REDACTED]

Date 12-4-80

Surname [redacted]

[redacted]
NOV - 6 1980

E:EO:T:R:1-1

EIN: [redacted]
DO: 23

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

The information submitted discloses that you were formed and organized as a non-profit organization on [redacted]. Your Constitution states that you were organized exclusively for charitable, religious, and educational purposes.

In your application, you said that you taught your members the true word of Almighty God, the Creator of all things; and, that the methods used consisted of educational material such as the Bible, religious books, and religious writing presented at educational seminars and meetings. Further, you said that any individual that believes in the Creator and in the Saviour may become a member of your church; and, that you believe that all religions are of one faith so that there is no reason for a renunciation of one's religious beliefs.

Also, you stated that all individuals have the right to choose the worldly possessions of a materialistic world or the gifts of heaven, as truly God's gift and accept that which God sends. In this regard, you said that they may join your ministry, your apostolistic association, or your priest membership; and, in so doing, they take a vow of poverty and turn all their possessions to the church. The ministers of your church are ordained by [redacted] and any member may request to be accepted into the ministry through one of your ministers. Upon acceptance, the Board of Trustees direct the ministers of the duties they are to perform for the church. With respect to apostles, you said that you have an oath that they take and an apostle philosophy for them to use as a guide on earth. You stated, further, that apostles are required to take vows of poverty.

Your bylaws provide that the President as a matter of religious duty, requirement, and responsibility, will and is directed and agrees to use his occupation as self-employed individual or as an employee as a vehicle to carry out and put into effect the principles and creed of your church. Also, that he is directed and agrees to keep employment and work in order to earn income to use to support himself, his family, and the church thereby established. The Vice-President is also so directed by the bylaws.

On [REDACTED], your President, [REDACTED], and your Vice President, [REDACTED], took vows of poverty whereby the following property was bequeathed to you:

1. Dwelling at [REDACTED].
2. [REDACTED]
3. [REDACTED]
4. All furnishings of the above dwelling.
5. All articles of clothing and items necessary for ministry.
6. Savings Account # [REDACTED]
7. Savings Account # [REDACTED]
8. Savings Account # [REDACTED]
9. Checking Account # [REDACTED]
10. Savings Account # [REDACTED]

In your financial statement for the year ending [REDACTED], you listed the following donations:

[REDACTED] - \$ [REDACTED]
[REDACTED] - [REDACTED]
[REDACTED] - [REDACTED]

You said that liabilities totalling some \$ [REDACTED] were incurred as a result of bequests to you under vows of poverty.

Section 501(c)(3) of the Code provides for the exemption of organizations that are organized and operated exclusively for religious, charitable, or educational purposes, no part of the net earnings of which inures to the benefit of any shareholder or individual.

Section 1.501(c)(3)-1(d)(1) of the Income Tax Regulations provides that an organization is not organized or operated exclusively for any purpose specified in section 501(c)(3) unless it serves a public rather than a private interest. If it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholder of the organization, or persons controlled, directly or indirectly, by such private interests.

In Beth-El Ministries, Inc. v. U.S., 79-2 U.S.T.C. 9412 (United States District Court, Dist. Col., 1979), the Court concluded that the organization was not operated exclusively for religious purposes because the members of Beth-El received benefits in the form of food, clothing, shelter, medicinal care, recreational facilities and educational services from the organization; and, accordingly, such benefits inured to the members.

Also, in Hoffer v. U.S., 64 Ct. Cl. 672(1928), the Court of Claims ruled that a corporation whose members devoted their time, services, and earnings to the corporation whose property is owned for the common use and benefit of its members is not a corporation organized and operated for religious purposes.

Based on the information provided, we have determined that you are operating in substantially the same manner as the organizations described in Beth-El Ministries, Inc., and Hoffer. Your founder/pastor and his wife have turned over all their property and future income to you under a vow of poverty. In return, they have the use of their home and vehicles. Your bylaws specifically required your President and Vice President, [REDACTED] and [REDACTED], respectfully, to keep employment and work in order to earn income to use in order to support themselves and the church. Your apostles are also required to turn over their possessions to you, including income, under vows of poverty. Your expenses are the same as those incurred by your President and Vice President prior to your creation. As stated in your letter of [REDACTED], "All the gifts of [REDACTED] and [REDACTED] donated to the church were used to fund the first six months of the expenses the church had, such as educational, printing, clothing, transportation, food and services. In this respect, apostles are required to take vows of poverty. Thus, it is evident that other persons are able to receive these same benefits as members of your organization.

Because your primary function is to serve the private interests of your founder/pastor as well as other members of your organization, under section 1.501(c)(3)-1(d)(ii) of the regulations, you are not organized or operated exclusively for exempt purposes under section 501(c)(3) of the Code.

Accordingly, it is held that you are not entitled to recognition of exemption from federal income tax under section 501(c)(3) of the Code. You are, therefore, required to file federal income tax returns.

Contributions to you are not deductible under section 170 of the Code.

You have a right to protest this ruling if you believe that it is incorrect. To protest, you should submit a full explanation of your reasoning. This statement must be submitted within 21 days from today and must be signed by one of your principal officers. You also have a right to a conference in this office after your statement is submitted. If you want a conference, you must request it when you file your protest statement. If you are to be represented by someone who is not one of your principal officers, he/she must file a proper power of attorney and otherwise qualify under our Conference and Practice Procedures.

If we do not hear from you within 21 days, this ruling will become final and copies will be forwarded to the District Director, Internal Revenue Service, 600 Arch Street, Philadelphia, Pennsylvania 19108. Thereafter, any questions about your federal income status or the filing of returns should be addressed to his office. Also, the appropriate State officials will be notified of this action in accordance with section 6104(c) of the Code.

[REDACTED]

In addition, if you do not protest this ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the District Court of the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

When sending additional letters with respect to this case to the Internal Revenue Service, you will expedite their receipt by placing the following symbols on the envelope: E:EO:T:R:1-1, Room 6508. These symbols do not refer to your case, but rather to its location.

Sincerely yours,

[REDACTED]

[REDACTED]

Chief, Rulings Section 1
Exempt Organization
Technical Branch